

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Delton District Library</b>	County <b>BARRY</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>5/5/04</b>	Date Accountant Report Submitted to State: <b>9/14/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Siegfried Crandall PC</b>			
Street Address <b>246 East Kilgore Road</b>		City <b>Kalamazoo</b>	State <b>MI</b>
		ZIP <b>49002-5599</b>	
Accountant Signature 			Date <b>9/14/04</b>

*Delton District Library*  
*Barry County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2004*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Delton District Library**

We have audited the accompanying general purpose financial statements of the Delton District Library, a component unit of the Township of Barry, Michigan, as of March 31, 2004, and for the year then ended. These general purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Delton District Library at March 31, 2004, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles.

*Siegfried Crandall P.C.*

**May 5, 2004**

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**Delton District Library****COMBINED BALANCE SHEET - General Fund and General Fixed Asset Account Group**

March 31, 2004

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	<u>General Fund</u>	<u>General Fixed Asset Account Group</u>	<u>Totals</u>
ASSETS			
Cash	\$ 236,119	\$ -	\$ 236,119
Due from other governmental units	20,000	-	20,000
Fixed assets	<u>-</u>	<u>468,887</u>	<u>468,887</u>
 TOTAL ASSETS	 <u>\$ 256,119</u>	 <u>\$ 468,887</u>	 <u>\$ 725,006</u>
 LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable	\$ 1,199	\$ -	\$ 1,199
Deferred revenue	<u>20,000</u>	<u>-</u>	<u>20,000</u>
 TOTAL LIABILITIES	 <u>21,199</u>	 <u>-</u>	 <u>21,199</u>
 FUND EQUITY:			
Investment in general fixed assets	-	468,887	468,887
Fund balance - unreserved, undesignated	<u>234,920</u>	<u>-</u>	<u>234,920</u>
 Total fund equity	 <u>234,920</u>	 <u>468,887</u>	 <u>703,807</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 256,119</u>	 <u>\$ 468,887</u>	 <u>\$ 725,006</u>

See notes to financial statements

**Delton District Library****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - General Fund***Year ended March 31, 2004*

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	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
State grants	<u>\$ 10,000</u>	<u>\$ 10,861</u>	<u>\$ 861</u>
Contributions from local units:			
Prairieville Township	28,900	30,906	2,006
Hope Township	<u>23,500</u>	<u>23,700</u>	<u>200</u>
Total contributions from local units	<u>52,400</u>	<u>54,606</u>	<u>2,206</u>
Charges for services	<u>1,600</u>	<u>2,512</u>	<u>912</u>
Fines and forfeitures:			
Penal fines	24,000	25,779	1,779
Overdue books	<u>400</u>	<u>1,205</u>	<u>805</u>
Total fines and forfeitures	<u>24,400</u>	<u>26,984</u>	<u>2,584</u>
Interest	<u>1,200</u>	<u>1,161</u>	<u>(39)</u>
Other:			
Private contributions	800	85,254	84,454
Reimbursements	9,400	8,449	(951)
Miscellaneous	<u>3,600</u>	<u>4,645</u>	<u>1,045</u>
Total other	<u>13,800</u>	<u>98,348</u>	<u>84,548</u>
Total revenues	<u>103,400</u>	<u>194,472</u>	<u>91,072</u>
EXPENDITURES:			
Recreation and cultural:			
Salaries	87,100	79,309	7,791
Payroll taxes	6,675	6,067	608
Retirement	3,000	3,000	-
Operating supplies	9,000	8,171	829
Training	600	117	483
Books	15,000	15,309	(309)
Periodicals and newspapers	<u>1,000</u>	<u>838</u>	<u>162</u>

*See notes to financial statements*

**Delton District Library****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued):			
Recreation and cultural (continued):			
Audio-visual	\$ 3,500	\$ 3,946	\$ (446)
Professional services	17,300	17,821	(521)
Telephone	1,800	1,635	165
Mileage	5,000	4,445	555
Insurance and bonds	7,300	5,964	1,336
Utilities	6,800	7,581	(781)
Repairs and maintenance	4,000	4,835	(835)
Miscellaneous	<u>7,800</u>	<u>913</u>	<u>6,887</u>
Total recreation and cultural	175,875	159,951	15,924
Capital outlay	<u>17,500</u>	<u>4,285</u>	<u>13,215</u>
Total expenditures	<u>193,375</u>	<u>164,236</u>	<u>29,139</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,975)	30,236	120,211
OTHER FINANCING SOURCES:			
Operating transfer in - primary governmental unit	<u>23,500</u>	<u>24,340</u>	<u>840</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(66,475)	54,576	121,051
FUND BALANCE - BEGINNING OF YEAR	<u>180,344</u>	<u>180,344</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 113,869</u>	<u>\$ 234,920</u>	<u>\$ 121,051</u>

See notes to financial statements



**Delton District Library**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Delton District Library (the Library) conform to generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies:

*a) Reporting entity:*

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Library. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Based upon the application of these criteria, there are no other entities for which the Library exercises oversight responsibility.

Costs of operations and capital expenditures are supported by private contributions and contributions from the Townships of Barry, Prairieville, and Hope. The Library is considered to be a component unit of the Township of Barry, Michigan.

*b) Basis of presentation:*

The accounts of the Library are organized on the basis of a fund and an account group, each of which is considered a separate accounting entity. The operations of each are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The fund and account group are described as follows:

General Fund - this fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

General fixed asset account group - this account group presents the fixed assets of the Library utilized in its general operations.

*c) Basis of accounting:*

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The Library prepares its financial statements on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

*d) Budgets and budgetary accounting:*

The Library follows the procedure in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978), as prescribed by the State of Michigan.

The budget is adopted at the functional level and is on a basis consistent with generally accepted accounting principles.

**Delton District Library**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

e) *Fixed assets:*

Fixed assets used in operations are accounted for in the general fixed asset account group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

NOTE 2 - CASH:

Deposits are carried at cost. Michigan Compiled Laws, Section 129.91, authorizes the Library to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Library's deposits are in accordance with statutory authority.

At March 31, 2004, the Library had deposits with a carrying amount of \$236,119 and a bank balance of \$236,191. Of the bank balance, \$54,586 is covered by federal depository insurance and \$181,605 is uninsured.

NOTE 3 - GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	<i>Balance April <u>1, 2003</u></i>	<i><u>Additions</u></i>	<i><u>Dispositions</u></i>	<i>Balance March <u>31, 2004</u></i>
Buildings	\$352,967	\$ -	\$ -	\$352,967
Equipment	<u>111,635</u>	<u>4,285</u>	<u>-</u>	<u>115,920</u>
	<u>\$464,602</u>	<u>\$4,285</u>	<u>\$ -</u>	<u>\$468,887</u>

NOTE 4 - PENSION PLAN:

The head librarian participates in the defined contribution pension plan sponsored by Barry Township. Michigan State Statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employer contributions to the plan amount to 10% of annual earnings for all full-time employees. The required contributions to the plan for the year ended March 31, 2004, amounted to \$3,000. The Library is not a trustee of the plan, nor is the Library responsible for investment management of plan assets.

NOTE 5 - RISK MANAGEMENT:

The Library is exposed to various risks of loss to general liability, property and casualty, and workers' compensation.

The risks of loss arising from general liability, building contents, workers' compensation, and casualty are covered by the Township of Barry's general liability insurance.